

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-05 AGRE-00 CEA-01

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC PRIORITY 9924

USMISSION GENEVA

LIMITED OFFICIAL USE BUDAPEST 4014

E.O. 11652: N/A

TAGS: GATT, EEWT, ETRD, HU

SUBJECT: GATT WORKING PARTY ON TRADE WITH HUNGARY

REF: A) STATE 273849, B) BUDAPEST 3974, C) GENEVA 09626,

D) BUDAPEST 3755

1. REFTEL B OFFERS ASSESSMENT REQUESTED REFTEL A OF NEW HUNGARIAN EXPORT/IMPORT LICENSING REGULATIONS AND COUNTER-TRADE PRACTICES. FURTHER WITH REGARD TO COUNTER-TRADE, FRG ECONOMIC COUNSELOR TOLD EMBASSY THAT HIS EMBASSY RECEIVED A NUMBER OF COMPLAINTS IN EARLY 1977 FROM GERMAN FIRMS ABOUT COUNTER-TRADE REQUIREMENTS. HE DISCUSSED PROBLEM WITH HUNGARIAN AUTHORITIES, AND BELIEVES SITUATION HAS SINCE IMPROVED.

2. NOVEMBER 4 ISSUE OF BUSINESS EASTERN EUROPE REPORTS HUNGARIAN MINISTRY OF FOREIGN TRADE REACTION TO EARLIER BEE ARTICLE CRITICIZING HUNGARIAN COUNTER-TRADE PRACTICES. ARTICLE SIMILAR TO DISCUSSION IN REFTEL B, AND CONTAINS CONCISE STATEMENT OF GOH COUNTER-TRADE

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POLICY. MOST INTERESTING POINTS ARE THE FOLLOWING:

-- THE MINISTRY OF FOREIGN TRADE WILL OPPOSE ANY ATTEMPTS BY FTO'S TO FORCE ON WESTERN SUPPLIERS, AS A PRECONDITION FOR PURCHASING, HUNGARIAN PRODUCTS WHICH THE FTO'S THEMSELVES ARE UNABLE TO SELL.

-- COUNTER-TRADE DELAS WILL BE ENCOURAGED WHEN THE WESTERN SUPPLIER IS AN END-USER OF THE PRODUCTS

BEING OFFERED OR HWZ DIRECT ACCESS TO A RELATED
MARKETING ORGANIZATION.

"-- WESTERN FIRMS WHICH ARE PRESENTED WITH UNJUSTIFIABLE
COUNTER-TRADE DEMANDS, OR ARE SUBJECT TO EXCESSIVE
PRESSURE FROM FTO'S, ARE ENCOURAGED TO LODGE COMPLAINTS
WITH THE MINISTRY OF FOREIGN TRADE."

COMMENT: THESE POLICY GUIDELINES WERE PROVIDED TO BEE'S
BUDAPEST STRINGER BY THE MFT, AND THUS CAN BE REGARDED
AS AUTHORITATIVE STATEMENT OF OFFICIAL GOH POSITION.

3. EMBASSY HAS NO OTHER PROBLEM AREAS TO RAISE. ON A
MORE POSITIVE NOTE, GOH REMAINS COMMITTED TO A POLICY
OF AGGRESSIVE DEVELOPMENT OF TRADING RELATIONS WITH ALL
NATIONS. THE HUNGARIAN SOCIALIST WORKERS PARTY CENTRAL
COMMITTEE REAFFIRMED THIS COMMITMENT IN A MAJOR OCTOBER 21
POLICY STATEMENT, WHICH ALSO RESTATED THE NEED TO
RESTRUCTURE THE HUNGARIAN ECONOMY TO MAKE HUNGARY A MORE
COMPETITIVE AND EFFICIENT TRADING COUNTRY (REFTEL D -
NOTE: REFTEL BEING REPEATED GENEVA). HUNGARIAN
STATISTICS ON TRADE WITH THE WEST SO FAR IN 1977 REFLECT
THIS COMMITMENT, ESPECIALLY IN COMPARISON WITH TRENDS
IN MOST OTHER CEMA COUNTRIES. WORKING PARTY MIGHT WISH
TO RECOGNIZE AND ENCOURAGE THIS ORIENTATION TOWARD
TRADE AND INTERDEPENDENCE.
WILGIS

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